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## Sempra on track with gas venture

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### Mexican energy chief says project will aid his country

By Diane Lindquist

UNION-TRIBUNE STAFF WRITER

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COSTA AZUL, Mexico – Mexican Energy Secretary Fernando Canales visited Sempra Energy's liquefied natural gas construction site yesterday and declared the first such project on the west coast of North or South America on budget and on schedule.

"The construction of what we are seeing here is completely positive and will benefit Mexico," Canales said at a news conference after touring the Energia Costa Azul project with Sempra officials and Baja California Gov. Eugenio Elorduy Walther.

About 20 percent of the LNG regasification facility is finished on an oceanfront plateau about 14 miles north of Ensenada. It is scheduled for completion in January 2008.

Under a plan to share capacity with Shell Oil Co., the project will receive liquefied natural gas shipments every few days from Indonesia and Russia. The fuel, cooled to below minus 260 degrees Fahrenheit to shrink it for transport in seagoing tankers, will be transferred to two massive storage tanks.

Crews were busy yesterday building the tanks, which look much like mammoth thermos bottles and have 3-foot-thick blankets of concrete and insulation to keep the fuel in liquid form. The taller of the two tanks has reached a height of 100 feet and will be 180 feet when complete.

An adjacent plant not yet under construction will convert the



DON KOHLBAUER / Union-Tribune

Work continued yesterday on one of two 17-story liquefied natural gas storage tanks at Sempra's Energia Costa Azul facility north of Ensenada.

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liquid fuel back to a gas so it can be transported by pipelines that connect Baja California with California, Arizona, Nevada, Oregon and Washington.

The project – the first of several proposed for North America's west coast – provides a new source of natural gas that could change the region's energy future, but it has drawn widespread criticism.

Canales spent much of the news conference responding to complaints in Mexico that, despite its location, the project is being built to provide fuel to U.S. consumers.



Although surplus supplies initially will be exported, LNG from Energía Costa Azul will drive several Baja California electric power plants, provide fuel for the state's maquiladora manufacturing industry and eventually be used in local households, he said.

The state, which is at the mercy of volatile U.S. prices for the natural gas it currently imports, will gain a larger and more stable role in setting the fuel's cost, Canales said.

"This will provide us a better place to live, better and more jobs," he said.

More than 1,000 Mexicans are employed at the Costa Azul site, and an additional 450 work in Ensenada building caissons that will be floated to the site, filled with concrete and sunk for use as a breakwater, Elorduy said.

Cement, steel and other construction products also are from Mexico.

In all, the project represents a \$1.5 billion investment in Mexico, Semptra LNG President Darcel Hulse said.

"This facility will allow Baja California to be more independent and to allow it to go forward into the future," he said.

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